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Exhibit R-2, RDT&E Budget Item Justification: PB 2019 Office of the Secretary Of Defense	Date: February 2018
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Appropriation/Budget Activity	R-1 Program Element (Number/Name)											
0400: <i>Research, Development, Test & Evaluation, Defense-Wide I BA 3: Advanced Technology Development (ATD)</i>	PE 0603289D8Z I <i>Advanced Innovative Analysis and Concepts</i>											
COST (\$ in Millions)	Prior Years	FY 2017	FY 2018	FY 2019 Base	FY 2019 OCO	FY 2019 Total	FY 2020	FY 2021	FY 2022	FY 2023	Cost To Complete	Total Cost
Total Program Element	97.633	55.679	37.674	37.263	-	37.263	37.645	38.478	39.582	39.558	Continuing	Continuing
329: <i>Advanced Innovative Analysis and Concepts</i>	97.633	55.679	37.674	37.263	-	37.263	37.645	38.478	39.582	39.558	Continuing	Continuing

A. Mission Description and Budget Item Justification

The Strategic Capabilities Office (SCO) identifies, analyzes, and accelerates the development, demonstration, and transition of selected capabilities to shape and counter emerging threats, and to improve U.S. security posture. In a partnership endeavor across the Office of the Secretary of Defense (OSD), Joint Staff, Combatant Commands (CCMDs), the Services, the Intelligence Community (IC), and other U.S. Government agencies, SCO combines capability innovation with concepts of operation and information management to develop novel, high-leverage approaches to address pressing national security challenges. SCO conducts projects on accelerated timelines, at any classification or access level.

The Advanced Innovative Analysis and Concepts Program Element supports development, studies, analysis, and demonstration of integrated concepts and prototypes, analysis in support of ongoing efforts to shape and counter emerging threats, cross-Service and cross-Defense/Intelligence concepts, and red-teaming. Projects focus on proving component and subsystem maturity prior to integration in major systems, and may involve risk reduction initiatives. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level.

B. Program Change Summary (\$ in Millions)	FY 2017	FY 2018	FY 2019 Base	FY 2019 OCO	FY 2019 Total
Previous President's Budget	57.020	37.674	37.263	-	37.263
Current President's Budget	55.679	37.674	37.263	-	37.263
Total Adjustments	-1.341	0.000	0.000	-	0.000
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-1.270	-			
• FFRDC	-0.063	-	-	-	-
• Other Adjustments	-0.008	-	-	-	-

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Exhibit R-2A, RDT&E Project Justification: PB 2019 Office of the Secretary Of Defense										Date: February 2018		
Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603289D8Z / <i>Advanced Innovative Analysis and Concepts</i>				Project (Number/Name) 329 / <i>Advanced Innovative Analysis and Concepts</i>			
COST (\$ in Millions)	Prior Years	FY 2017	FY 2018	FY 2019 Base	FY 2019 OCO	FY 2019 Total	FY 2020	FY 2021	FY 2022	FY 2023	Cost To Complete	Total Cost
329: <i>Advanced Innovative Analysis and Concepts</i>	97.633	55.679	37.674	37.263	-	37.263	37.645	38.478	39.582	39.558	Continuing	Continuing

A. Mission Description and Budget Item Justification

The Strategic Capabilities Office (SCO) conducts analysis in support of ongoing efforts to shape and counter emerging threats, with special emphasis on: innovative and architecture-level concepts, cross-Service and cross-Defense/Intelligence concepts, red-teaming, and on a case-by-case basis, research and development projects to demonstrate concept. SCO identifies, analyzes, and accelerates the development, demonstration, and transition of selected capabilities to shape and counter emerging threats, and to improve U.S. security posture. In a partnership endeavor across the Office of the Secretary of Defense (OSD), Joint Staff, Combatant Commands (CCMDs), the Services, the Intelligence Community (IC), and other U.S. Government agencies, SCO combines capability innovation with concepts of operation and information management to develop novel, high-leverage approaches to address pressing national security challenges. SCO conducts projects on accelerated timelines, at any classification or access level.

The Advanced Innovative Analysis and Concepts Program Element supports development, studies, analysis, and demonstration of integrated concepts and prototypes, analysis in support of ongoing efforts to shape and counter emerging threats, cross-Service and cross-Defense/Intelligence concepts, and red-teaming. Projects focus on proving component and subsystem maturity prior to integration in major systems, and may involve risk reduction initiatives. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level.

B. Accomplishments/Planned Programs (\$ in Millions)

	FY 2017	FY 2018	FY 2019
Title: High-Fidelity Analysis and Concept Generation	55.679	37.674	37.263
Description: The Strategic Capabilities Office (SCO) conducts analysis to identify and accelerate the development, demonstration, and transition of potentially game-changing capabilities to shape and counter emerging threats and improve U.S. security posture. All innovative concepts developed within SCO must first undergo a phase of thorough analysis before moving forward to become a project. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level.			
FY 2018 Plans: Continue to innovate in partnership with Services Program Offices and CCMDs to identify game-changing uses of existing systems and technologies.			
FY 2019 Plans: Continue to innovate in partnership with Services Program Offices and CCMDs to identify game-changing uses of existing systems and technologies.			
FY 2018 to FY 2019 Increase/Decrease Statement:			

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B. Accomplishments/Planned Programs (\$ in Millions)		FY 2017	FY 2018
FY 2018 to 2019 decrease is a result of minor inflation rate adjustments.			
Accomplishments/Planned Programs Subtotals		55.679	37.674
C. Other Program Funding Summary (\$ in Millions) N/A			
Remarks			
D. Acquisition Strategy N/A			
E. Performance Metrics Performance metrics are specific to each Advanced Innovative Analysis and Concepts effort and include measures identified in the management approach, Statement of Work (SOW), and Period of Performance (POP). In addition, completions and successes are monitored against schedules and deliverables stated in the initiative's management approach. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level			